

WASHINGTON. D.C. – As the White House prepares for Tuesday’s housing summit, House Oversight and Government Reform Committee Ranking Member Darrell Issa (R-CA) today called on the Obama Administration to make the ‘too-cozy’ relationship between the mortgage industry and Fannie Mae and Freddie Mac a key focal point of discussion. In July, [an investigation conducted](#)

Issa exposed that in the run-up to the subprime mortgage meltdown that paved the way for the global financial crisis, 173 Countrywide VIP loans were given to 42 Fannie Mae and Freddie Mac employees, including three former Fannie Mae CEOs, violated ethics rules and created a conflict of interest.

“We are finally just beginning to uncover the true size and scope of the relationship between Fannie/Freddie and Countrywide,” Issa said. “Lost in the debate over how to best legislate the aftermath of the financial crisis has been the necessity to conduct an inward examination at the too-cozy relationship between government enterprises and private industry. An honest debate about the way forward cannot simply ignore the role that this strategic partnership played in the formation and execution of mortgage policies that paved the way to our financial meltdown.”

On Sunday, the [New York Times reported](#) on Fannie Mae’s Countrywide “Customer Engagement Plan” that revealed “how assiduously Fannie pursued Mr. Mozilo and 14 of his lieutenants to make sure the company continued to shovel loans its way...Nine bullet points fall under the heading “Fannie Mae’s Top Strategic Business Objectives With Lender.” The first: “Deepen relationship at all levels throughout CHL and Fannie Mae to foster alignment and collaboration between our companies at every opportunity...the engagement plan also recommends ways that Fannie executives should mingle with Countrywide’s top management, because “fostering more direct senior level engagements with key influencers throughout their organization will be beneficial in ensuring strategic alignment and building organizational loyalty.”

“As our nation marched down the path leading to a crippling financial crisis, Fannie Mae should have been trying to cool off risky sub-prime lending and protect the economy from a volatile housing bubble,” said Issa. “The indisputable and disturbing reality is that as Fannie-Freddie executives were accepting Countrywide VIP loans, they were also developing a strategy to form a partnership with Countrywide with the goal of using that relationship to influence the mortgage industry and policymakers. For all the impact that the subprime meltdown had on laying the groundwork for a full-scale financial meltdown, the true nature of this strategic partnership should be exposed so we can measure the extent to which this too-cozy relationship had in fostering the conditions that led to the financial meltdown.”

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